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The California Housing Finance Agency Increases Its Investment in California's Economy

SACRAMENTO, June 9, 2003 --The California Housing Finance Agency (CalHFA) announced it has adopted a new \$12.5 billion five-year business plan that will dramatically increase its investment in affordable housing and the state economy.

"CalHFA plans a 20 percent increase in its activities over the next five years, enabling it to put tens of thousands of Californians to work building new housing and in related industries," announced Governor Gray Davis.

CalHFA's expansion was made possible by voter approval of Proposition 46, the Housing and Emergency Shelter Trust Fund Act, in November of 2002. The Act authorized \$2.1 billion for state housing programs, the largest investment in housing support by any state in history. CalHFA is responsible for \$335 million of the Proposition 46 funds which will be leveraged in support of the Agency's annual business plan.

"We began preparing for the possible approval of Proposition 46 last year, putting the infrastructure in place to make the most of this incredible opportunity. Now, we're ready to get to work to help ease the housing crisis in California," said Theresa Parker, Executive Director of CalHFA.

CalHFA's business plan for fiscal years 2003-04 through 2007-08, approved at its May Board of Directors meeting, gives the green light to total activity of \$12.5 billion during the five-year period. Goals for the plan include increasing homeownership opportunities, financing rental developments, and stimulating the housing-related economy of California.

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The Agency plans to lend more than \$6.76 billion over the next five years to Californians to buy single family homes. That amount includes down payment assistance and self-help builders' assistance.

"June is Homeownership Month. Our expansion means thousands and thousands of Californians will now have the chance to own a home of their own." added Parker.

Programs slated for expansion include the Agency's "High Cost Area Home Purchase Assistance Program", which will now offer down payment assistance in six counties instead of just three. The Extra Credit Teacher Home Purchase Program, which offers reduced interest rate loans as well as down payment assistance to teachers and principals serving in low-performing schools, will also see an increase.

New construction activity financed under the Agency's plan is estimated to be over \$1.9 billion in new construction homes and \$1.1 billion in new affordable multifamily rental units. This will support the creation of approximately 64,000 jobs, using Construction Industry Research Board data.

CalHFA's refinancing of resale homes and multifamily acquisition/rehabilitation projects will also generate a positive economic impact.

In addition to homeownership programs, CalHFA provides mortgage insurance, having doubled its insurance portfolio during the past six years. The Agency's business plan calls for \$3.5 billion in mortgage insurance activity over the next five years.

CalHFA was created in to meet the housing needs of low to moderate income Californians. Fifty-nine percent of all CalHFA first-time homebuyer loans are made to borrowers with incomes of 80% or less of the median income.

CalHFA – the State's affordable housing bank – was chartered in 1975 to assist Californians to achieve the dream of safe, affordable and decent housing. Additional information on the full complement of CalHFA programs can be obtained by calling 1.800.789.2432 or visiting the web site at www.calhfa.ca.gov.

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